

EDITOR'S CHOICE NEWS

Covid-19 likely to weaken competitiveness of younger businesses

By Poovrenaj October 3, 2020

Share   



Sun Life Malaysia Assurance Berhad and Sun Life Malaysia Takaful Berhad (collectively Sun Life Malaysia), a life insurance and Family Takaful provider respectively, announced the Malaysian findings from Sun Life's *"Future of Family Businesses in Asia"* survey, which revealed that the Covid-19 is likely to weaken the competitiveness of younger businesses as they are less prepared for unexpected business challenges and disruptions.

With insights from more than 250 family business owners in Malaysia, the survey detected a large health and critical illness protection gap as only 61 percent had health and accident insurance for its employees while 51 percent had key man insurance for the company. This indicated the lack of planning especially for family businesses that often rely on a small bench of key decision makers to run the firm, where the health and well-being of these leaders are integral to the health of the business.

Almost all surveyed business owners in Malaysia (97 percent) reported that if they, or their key people, suffered an incapacitating illness, it would have a serious impact on their business.

With the Recovery Movement Control Order (RMCO) extended to the end of this year, these findings from the survey highlighted the vital steps, that close to one million Small and Medium Enterprises (SMEs) across the country, need to take to weather the current storm and ensure their recovery while adapting to the new business landscape.

Commenting on the findings and current plight facing SMEs, Raymond Lew, CEO and President/Country Head of Sun Life Malaysia said, "The economic uncertainties have created numerous challenges such as declining sales and embracing new standard operating procedures for SMEs that further complicates the health and protection planning during this period. In line with our business purpose of empowering people to achieve lifetime financial security and live healthier lives, we strongly encourage SME owners to look into the various financial solutions available to offset their risks, and protect and strengthen their business continuity processes for long term sustainability."

Conducted across six Asian markets that Sun Life operates in December 2019, the survey also found that a concerning 19 percent of local businesses had not started any form of succession planning while a further 14 percent found the process to be too complicated. This is further exacerbated by 34 percent of Malaysian businesses indicating they would not look to external advice to effectively execute their business continuity plans.

Raymond further said, "While the first priority for business owners is steering their businesses safely through the pandemic, we strongly encourage them not to lose sight of their longer-term plans and to take a holistic view of the range of financial solutions available to offset their risks and protect and strengthen their business and succession plans for generations to come."